

January 21, 2009

From: Lorrie Merrill, Director Big Sandy Activities, Inc. Phone: 406-378-2598, Cell 406-581-7288
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Points of information:

1. Big Sandy Activities, Inc. is a non-profit agency serving 21 individuals with Developmental Disabilities (DD) since 1972 in Big Sandy. We currently have 53 employees, not all full time.
2. In the last four years, we have gone into the rates system with requires more transparency. We have with numerous audits with clear boundaries required by law.
3. Currently, the state of MT determines the number of hours I must serve each individual. This is determined by an assessment process.
4. Budget dollars are tied to hours served.
5. The state of MT determines the minimum wage I must pay, which is \$8.50.
6. The state of MT along with CMS determines the criteria for payment. Service currently allowed by Medicaid in day program services are: 1) Individuals work; 2) Individuals receive training; and 3) Individual receives active treatment.
7. We have intense services for individuals who can not work, and 80% are not in training. Therefore we must be involved in active treatment. I was told that 100% of the individuals we serve must be in active treatment.
8. Our day program is housed in an old shop building with three major rooms. There is not enough room presently for equipment necessary for active treatment or for the therapy itself.
9. It was necessary to build on one room. In order to build on a room I had to fix all areas the building was out of compliance- 22 areas. I went to Bear Paw Development and worked towards grants and loan applications. It was more economical to build new then to fix the old shop.
10. A bare bones building cost \$1,254, 848.
11. Financial package, which included a Rural Development Loan/Grant, Montana Department of Commerce CDBG Public Facilities Grant for \$450,000 and a Local Cash Contribution of \$41,650 was based on average Medicaid revenue increases of 4% annually and was consider sound—until recent revenue projections and the subsequent impact on the Governor's budget.
12. We received grants totaling \$573,000. BSA needs \$775,000 from infrastructure funding to replace the Rural Development Loan/Grant as BSA can not make payments towards a 40 year 4% interest loan.
13. Grants for training and equipment total \$110,000. \$550,000 must be returned if project is scrapped.
14. PROJECT IS SHOVEL READY. CTA Architects have been hired and final designs could begin immediately, if project were funded. Bid letting will occur in June/July 2009; Construction Begins in August/September 2009; Construction complete in March/April 2010
15. BSA is Big Sandy's second largest employer. If we can not provide services and are required to repay Medicaid, and eventually close, because be can not comply with services definitions, the economic impact to Big Sandy and Chouteau county will be enormous. Our fiscal (multiplier) impact on our area economy is \$3,690,000

Montana Legislature Health and Human Services Committee

**Representative Teresa Henry, Chair
Senator Dave Lewis, Vice-Chair
Senator John Esp
Representative Penny Morgan
Representative Carolyn Pease-Lopez
Representative Don Roberts
Senator Trudi Schmidt
Senator Dave Wanzenreid**

Request for Funding

SUBMITTED FOR

**Big Sandy Activities, Inc
Day Treatment Center**

March 12, 2009

Project Contact

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Project Description

The project will construct a 5,545 square foot Day Treatment Center on property owned by Big Sandy Activities in Big Sandy, Montana. The estimated cost of this project, which will serve 21 developmentally disabled adults and help secure 45 jobs, is \$1,243,198.00

Purpose of Project

The purpose of this project is to address deficiencies identified in a preliminary engineering report (PAR) prepared by CTA Architects for Big Sandy Activities (BSA). BSA is a not-for-profit agency that provides state-mandated services and support to 21 developmentally disabled residents, each of whom suffers from one or more mental, physical, or emotional disabilities. BSA has a Medicaid contract with the Montana Department of Public Health and Human Services (DPHHS) that enables BSA to receive Title XIX and Title XX Medicaid funding to provide service to its residents.

BSA is proposing to construct a Day Treatment Center that will resolve 19 code violations, functionality, program and safety issues inherent to the existing facility; address program needs and adjacency issues that cannot be remedied through renovation of the current facility; and improve construction systems and lower utility costs that will improve the operational longevity of the facility far into the future.

Project Justification

The Day Activity Program "is the heart" of the programming offered by BSA, as a requirement of its Medicaid contract with DPHHS. CTA has determined that the condition of the existing activities facility is poor in terms of both physical condition and functionality. Conditions that cause the facility to be rated as such stem from site conditions, issues related to the over-crowding or over-use, and improper equipment. The conversion of the structure from its originally constructed purpose is the primary factor contributing to the current condition of the facility. The need to address proper change from one use to another has resulted in a facility that does not meet the minimal life safety standards and requirements.

In addition to operating its Day Treatment Program in a facility determined by CTA not to meet the minimal life safety standards and requirements, the lack of adequate space for physical therapy and furnishings and equipment also represents a significant threat to the health of BSA's 21 clients and as result to the future of BSA.

Jannis Conselyea, Chief Program Support, DPHSS Developmental Disabilities Program, noted in a letter sent to Director Merrill on March 15, 2007, "it is a requirement of BSA's Medicaid contract that BSA meet the health and safety of its clients. Active treatment and therapeutic positioning and having proper equipment to position individuals with severe developmental disabilities are critical to the quality of health an individual has." In her letter, Conselyea cited nationally known consultant Karen McGowan, who, during a visit to Big Sandy in 2007, observed that BSA has "a difficult time meeting the individual's very serious physical needs, because you lack the space and the necessary equipment to complete such active treatment."

This type of facility deficiency is in direct conflict with the Medicaid Developmental Disabilities Program under which the BSA organization operates. The Medicaid Home and Community Services Program defines, Habilitation Services (Section 37.34.941), which is the basis for licensure of Big Sandy Activities, as a care provider. Under this program, Habilitation services are defined as "services that stimulate and maintain the development of a recipient's skills or that reduce behaviors, which interfere with the recipient's development."

Total Cost of Project and Detailed Budget Breakdown

Activities	Estimated Cost
Publication	\$ 750.00
Legal Costs	\$ 1,000.00
Professional Services	\$ 25,000.00
Audit	\$ 8,000.00
Travel & Training	\$ 500.00
Architectural Services	\$ 73,033.00
Construction	\$ 913,761.00
Equipment & Furnishings	\$ 71,863.00
Contingencies	\$ 149,291.00
Total Project Cost	\$ 1,243,198.00

Sources of Funds

Montana CDBG Public Facilities	\$ 450,000.00
Big Sandy Activities	\$ 30,000.00
Federal Appropriation	\$ 763,198.00
Total Project Cost	\$ 1,243,198.00

Project Schedule

<i>Design Complete</i>	<i>July 2009</i>
<i>Bid Project</i>	<i>August 2009</i>
<i>Award Project</i>	<i>October 2009</i>
<i>Construction</i>	<i>November 2009</i>
<i>Owner Occupancy</i>	<i>May 2010</i>

Supporting Organizations and/or Individuals

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| ▪ Montana Department of Health and Human Services | ▪ Bear Paw Development Corporation of Northern Montana |
| ▪ McGowan Consultants, Inc. | ▪ Katheryn Sherand |
| ▪ Town of Big Sandy | ▪ Phyllis Smith |
| ▪ City of Fort Benton | ▪ Imajean Helgeson |
| ▪ Chouteau County | ▪ LeAnn Nickol |
| ▪ Senator Jerry Black, Montana Senate District 14 | ▪ Barbara Kodalen |
| ▪ Big Sandy Area Chamber of Commerce | ▪ Roger Bell |
| ▪ Marlys Bitz Insurance | ▪ Beverly Kasper |
| ▪ Big Sky Auto & Ag LLC | ▪ Enid Mac Lowry |
| ▪ Wells Fargo Bank, Big Sandy | ▪ Kay Dyrland |
| ▪ Big Sandy Supply | ▪ Lois Adolf |
| ▪ Opportunity Link | ▪ Thelma Bibbee |
| ▪ Opportunity Resources, Inc. | ▪ Marion Bibbee |